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7 UNITED STATES DISTRICT COURT
8 WESTERN DISTRICT OF WASHINGTON
9 AT SEATTLE

10 TABITHA WILLIAMS, a person,

11 Plaintiff,

12 v.

13 FOREMOST INSURANCE COMPANY
14 GRAND RAPIDS MICHIGAN, an
15 insurance company,

16 Defendant.

Case No. C17-1113RSM

ORDER GRANTING PLAINTIFF'S
MOTION FOR PARTIAL SUMMARY
JUDGMENT

17 **I. INTRODUCTION**

18 This matter comes before the Court on Plaintiff Tabitha Williams' Motion for Partial
19 Summary Judgment. Dkt. #9. Defendant Foremost Insurance Company Grand Rapids
20 Michigan ("Foremost") opposes this Motion. The Court has determined that oral argument is
21 unnecessary. For the reasons below, the Court GRANTS Plaintiff's Motion.
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23 **II. BACKGROUND**

24 On March 3, 2017, Ms. Williams purchased a house located at 18820 AP Tubbs Road
25 E. in Carbonado, Washington. Dkt. #9 at 9; Dkt. #13-2 at 2. Around the same time, Ms.
26 Williams purchased a homeowner's insurance policy from Farmers Insurance to cover this
27 house. Dkt. #9 at 9. Prior to purchase, Ms. Williams knew that the house was "occupied,"
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1 although the former owner had passed away, but “did not know if the occupants were squatters
2 illegally occupying the house or if they were actual tenants.” *Id.* at 9–10. Ms. Williams
3 subsequently visited the house and learned that the occupants were not paying rent. *Id.* at 10.
4 Ms. Williams hired an attorney to send a letter to the occupants asking for documentation
5 showing they had a written rental agreement or had paid rent. The occupants did not provide
6 any such evidence, so Ms. Williams commenced eviction proceedings in Pierce County
7 Superior Court. *Id.*; Dkt. #13-2. In the eviction proceedings, the occupants stated via
8 declaration that they “are legal tenants,” while at the same time referring to being tenants of the
9 prior owner. Dkt. #13-3 at 4. The occupants presented no evidence that they had a rental
10 agreement with Ms. Williams.
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13 The occupants were ordered to leave by May 2, 2017 after filing a stipulation. Dkt. #9
14 at 10; Dkt. #13-5. On May 3, 2017, Ms. Williams inspected the house and found that
15 “someone had left the upstairs bath faucet running and clogged the drain, which caused water
16 to flood the entire house.” Dkt. #9 at 10. Someone had also damaged the HVAC system “by
17 dumping cat litter and sawdust into the vents.” *Id.* None of this damage was noticeable in Ms.
18 Williams’ prior visit to the house. Ms. Williams notified Farmers Insurance that day, making a
19 claim of vandalism. *Id.* At no time did the occupants pay rent or enter into a rental agreement
20 with Ms. Williams. *Id.*
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22 Defendant Foremost Insurance Company, on behalf of Farmers Insurance, handled the
23 claim. On May 17, 2017, Foremost informed Ms. Williams via letter that “there is no coverage
24 for your claim based on the facts known to us at the present time as tenant who vandalism [sic]
25 a home is specifically excluded by your policy.” *Id.* at 15. Foremost then stated “[i]f you have
26 any other evidence that clearly shows these tenant [sic] where [sic] only living in the home a
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1 short peroid [sic] of time and knew they had no legal right to live in the home then please send
2 that information in so it can be reviewed.” *Id.*

3 Ms. Williams’ insurance policy covers “[v]andalism or malicious mischief, meaning the
4 intentional and willful damage or destruction of property by anyone other than the owner of the
5 property,” but explicitly excludes “[a]ny loss caused by, resulting from, contributed to or
6 aggravated by intentional acts of any tenant or any roomers and boarders of your premises...”
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8 Dkt. #13-2 at 14.

9 III. DISCUSSION

10 A. Legal Standard

11 Summary judgment is appropriate where “the movant shows that there is no genuine
12 dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed.
13 R. Civ. P. 56(a); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247 (1986). Material facts are
14 those which might affect the outcome of the suit under governing law. *Anderson*, 477 U.S. at
15 248. In ruling on summary judgment, a court does not weigh evidence to determine the truth of
16 the matter, but “only determine[s] whether there is a genuine issue for trial.” *Crane v. Conoco,*
17 *Inc.*, 41 F.3d 547, 549 (9th Cir. 1994) (citing *Federal Deposit Ins. Corp. v. O’Melveny &*
18 *Meyers*, 969 F.2d 744, 747 (9th Cir. 1992)).

19 On a motion for summary judgment, the court views the evidence and draws inferences
20 in the light most favorable to the non-moving party. *Anderson*, 477 U.S. at 255; *Sullivan v.*
21 *U.S. Dep’t of the Navy*, 365 F.3d 827, 832 (9th Cir. 2004). The Court must draw all reasonable
22 inferences in favor of the non-moving party. See *O’Melveny & Meyers*, 969 F.2d at 747, *rev’d*
23 *on other grounds*, 512 U.S. 79 (1994). However, the nonmoving party must make a “sufficient
24 showing on an essential element of her case with respect to which she has the burden of proof”
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1 to survive summary judgment. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). Further,
2 “[t]he mere existence of a scintilla of evidence in support of the plaintiff’s position will be
3 insufficient; there must be evidence on which the jury could reasonably find for the plaintiff.”
4 *Anderson*, 477 U.S. at 251.

5 **B. Analysis**

6 Ms. Williams brings this Motion for the Court to rule as a matter of law that she was
7 covered for the vandalism damage above and that Foremost breached the insurance contract
8 when it denied coverage. Dkt. #9 at 1. Ms. Williams argues that she has clearly met her
9 burden of establishing that vandalism, a covered loss, occurred. *Id.* at 6. She argues that
10 Foremost is unable to meet its burden of establishing that an exclusion applies because “there is
11 no evidence that the people who vandalized the house were ‘tenants’ at the time of the loss.”
12 *Id.* Therefore coverage exists as a matter of law.

15 In Response, Foremost acknowledges that it is “undisputed that this claim involves
16 alleged vandalism,” but argues that there is a genuine issue of material fact whether the
17 individuals that Plaintiff claims caused the damage were “tenants, roomers or boarders as
18 opposed to third parties who were unlawfully on the premises.” Dkt. #11 at 2. Foremost
19 argues that “[a]t all material times, they were legally living in the home as tenants,” because
20 “they had a tenancy agreement with the former owner and under clear Washington law, they
21 were allowed the legal occupation of the home after the transfer of ownership.” *Id.* Foremost
22 cites to a Washington State statute defining “tenant” as “any person who is entitled to occupy a
23 dwelling unit primarily for living or dwelling purposes under a rental agreement.” *Id.* at 11
24 (citing RCW 59.18.030(27)). Foremost argues that Washington law does not require that
25 occupants have a written or documented rental agreement in order to be considered tenants. *Id.*
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1 at 12. Foremost argues that the occupants who refused to leave were legally entitled to not less
2 than 60 days to vacate the premises. *Id.* at 12–13 (citing RCW 61.24.060). Foremost argues
3 that these occupants were thus “continuing their prior tenancy” during the 60 day period where
4 Ms. Williams alleges the vandalism occurred. *Id.* at 13. Even if they were not legally tenants,
5 Foremost argues that these occupants, through their negotiations with Ms. Williams allowing
6 them to stay at the property until the end of May 2, 2017, were tenants, roomers or boarders.
7 *Id.* at 13–14. Foremost also argues that Ms. Williams has failed to discuss the necessary
8 elements for the Court to find in her favor on a breach of contract claim, including a discussion
9 of damages. *Id.* at 15–16.

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11 On Reply, Ms. Williams argues that her Motion should be granted even if all of the
12 facts cited by Foremost are true. Specifically, Ms. Williams argues:

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14 Even if the squatters were arguably “tenants” of the prior
15 owner, they were only tenants before the foreclosure and sale of
16 the house. They were not Plaintiff’s tenants at the time of the
17 vandalism – which occurred after Plaintiff’s purchase of the house.
18 The timing of the vandalism is relevant and dispositive. It is
19 Plaintiff’s position that the insurance contract intended “tenant” to
20 mean a tenant of the homeowner/insured at the time of the
21 vandalism.

22 Almost everyone has been a tenant at some point in their
23 life. It would be nonsensical if the policy term “tenant” was
24 intended to mean anyone who has ever been a tenant at any
25 property. To the extent that the word “tenant” was ambiguous
26 concerning whether it included the prior tenants of prior owners of
27 the house, that ambiguity must be construed in favor of Williams.
28 *Panorama*, 144 Wn.2d at 137. It is undisputed that the squatters
never had a tenant-landlord relationship with Williams.

Dkt. #15 at 4. Looking at the policy, Ms. Williams argues that “[t]he average person
purchasing insurance would not interpret ‘tenant’ to include people impermissibly occupying a
house after it has been foreclosed upon and sold” because ‘[t]enant’ implies consent and

1 permission by the owner, along with the payment of rent.” *Id.* at 3. Ms. Williams also argues
2 that Foremost has never explicitly taken the position that the damage was caused by “roomers”
3 or “boarders,” and to the extent that Foremost takes such a position, the terms are ambiguous
4 and any ambiguities must be construed in favor of the insured. *Id.* at 2 n.2. Ms. Williams
5 reminds the Court that because the tenant provision is an exclusion under the policy, it is
6 Foremost’s burden to prove the vandalism was caused by a tenant. *Id.* at 4 (citing *Brown v.*
7 *Snohomish County Physicians Corp.*, 845 P.2d 334, 340, 120 Wn.2d 747, 758–59 (1993)). Ms.
8 Williams highlights the fact that Foremost’s May 17, 2017, letter denying coverage conceded
9 that the occupants “might not have a legal right to live at the home”. *Id.* at 5 (citing Dkt. #9 at
10 15). Ms. Williams makes the observation that Foremost has failed to actually show that the
11 occupants caused the vandalism, as opposed to some third party. *Id.* at 6. Finally, Ms.
12 Williams argues that her Motion effectively shows why a part of her breach of contract claim
13 should be granted on summary judgment (finding coverage and breach but not an amount of
14 damages). *Id.* at 7–8.

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18 Under Washington law, interpretation of an insurance contract is a question of law.
19 *Overton v. Consol. Ins. Co.*, 145 Wn.2d 417, 424, 38 P.3d 322 (2002). Determining whether
20 coverage exists is a two-step process. The insured must first show the loss falls within the
21 scope of the policy’s insured losses. *McDonald v. State Farm Fire & Casualty Co.*, 119 Wn.2d
22 724, 731 837 P.2d 1000, 1003-1004 (1992). To avoid coverage, the insurer must then show the
23 loss is excluded by specific policy language. *Id.* When interpreting an insurance policy,
24 “ambiguities are resolved in favor of the policyholder.” *Eurick v. Pemco Ins. Co.*, 108 Wn.2d
25 338, 340, 738 P.2d 251, 252 (1987) (citing *E-Z Loader Boat Trailers, Inc. v. Travelers Indem.*
26 *Co.*, 106 Wn.2d 901, 907, 726 P.2d 439 (1986)). In addition, “exclusionary clauses are to be
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1 construed strictly against the insurer.” *Id.* (citing *Farmers Ins. Co. v. Clure*, 41 Wn. App. 212,
2 215, 702 P.2d 1247 (1985)). “The terms of a policy should be given a fair, reasonable, and
3 sensible construction as would be given to the contract by the average person purchasing
4 insurance.” *Overton*, 145 Wn.2d at 424.

5 The parties have apparently agreed on several key details, including that the vandalism
6 occurred while Ms. Williams was covered under the insurance policy. The only real issue
7 before the Court is whether Ms. Williams has met her burden on summary judgment to
8 establish that Foremost cannot meet its burden of showing that the tenant exclusion applies.
9 The Court is persuaded by Ms. Williams’ argument that the average person would interpret the
10 policy’s use of “tenant” to refer to a tenant of the insured rather than a tenant of a prior owner.
11 Any ambiguity in this term is resolved in favor of Ms. Williams, and because it is contained in
12 an exclusionary clause, it will be construed strictly against Foremost as the insurer. *Eurick*,
13 *supra*. Foremost’s response of citing to RCW 59.18.030(27) is not helpful, because there is no
14 evidence that the occupants of Ms. Williams’ house were “entitled” to occupy the premises
15 under a rental agreement at the time the vandalism occurred, as opposed to having a legal right
16 not to be immediately evicted. As Ms. Williams’ succinctly notes, “[b]eing a defendant in an
17 eviction proceeding does not automatically make a person a “tenant.” Dkt. #15 at 5.
18 Foremost’s evidence does not create a question of material fact as to this issue. Although the
19 occupants believed they were legal tenants at the time of the eviction, a complete reading of
20 their declaration submitted Pierce County Superior Court makes clear that they claimed a
21 tenant relationship with the prior owner only. Ms. Williams’ subsequent efforts to enter into a
22 rental agreement with the occupants failed, so they never became her tenants. The stipulation
23 allowing the occupants until the end of the day on May 2, 2017, to vacate was perhaps an
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1 “agreement” but not a “rental agreement.” For all of these reasons, Foremost has failed to
2 make a sufficient showing on this essential element for which it has the burden of proof, and
3 thus summary judgment is properly granted. *See Celotex, supra*. Accordingly, the Court finds
4 that Ms. Williams was covered for the vandalism that occurred, and that Foremost breached the
5 insurance contract by failing to pay. There is no legitimate dispute that this failure damaged
6 Ms. Williams by depriving her of the insurance payment needed to repair the vandalism
7 damage. The amount of damages remains an issue for another day.

9 Finally, the Court notes that Foremost has stated, via footnote, that it “reserves the right
10 to file a separate Motion for Summary Judgment seeking an affirmative ruling that Plaintiff is
11 not entitled to coverage as a matter of law after further discovery.” Dkt. #11 at 2 n.1. This
12 statement is insufficient to satisfy Rule 56(d).
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14 IV. CONCLUSION

15 Having reviewed the relevant pleadings, the declarations and exhibits attached thereto,
16 and the remainder of the record, the Court hereby finds and ORDERS that Plaintiff Williams’
17 Motion for Partial Summary Judgment (Dkt. #9) is GRANTED. The Court rules as a matter of
18 law that Foremost breached the insurance contract by denying coverage. The amount of
19 damages based on this claim remains an issue to be decided.
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22 DATED this 3 day of October, 2017.
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27 RICARDO S. MARTINEZ
28 CHIEF UNITED STATES DISTRICT JUDGE